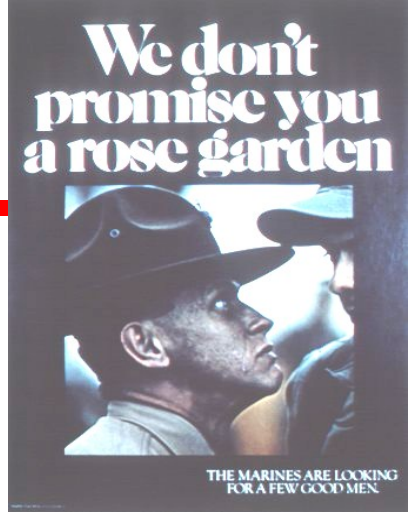

Competitive Sourcing

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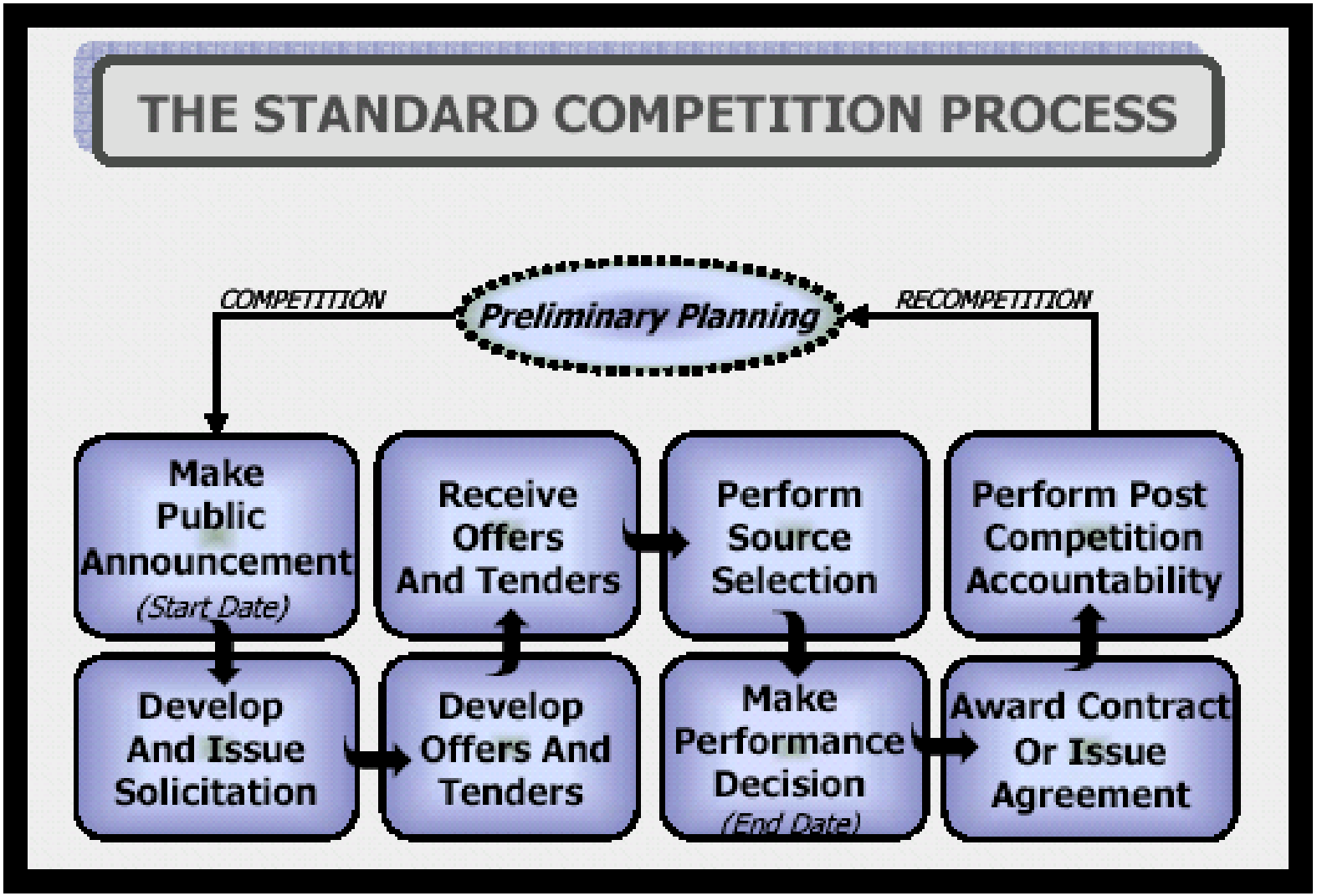
What is Competitive Sourcing?

A-76 is a Process “and a Tool”

- It is about improving capabilities through changes in work processes, labor rates, and technology enhancements
  - Results are cost savings, cost avoidance, military realignments, and improved performance
- It is a Presidential priority
  - But precedes this administration in DoD
- It is a Federal policy for the competition of commercial activities
- Mechanism to improve current services and compare with alternatives
  - If we can’t best the private sector, we shouldn’t be in the business

The Process


THE STANDARD COMPETITION PROCESS
COMPETITION
Preliminary Planning
RECOMPETITION
Make Public Announcement (Start Date)
Receive Offers And Tenders
Perform Source Selection
Perform Post Competition Accountability
Develop And Issue Solicitation
Develop Offers And Tenders
Make Performance Decision (End Date)
Award Contract Or Issue Agreement

A-76 is a Tool

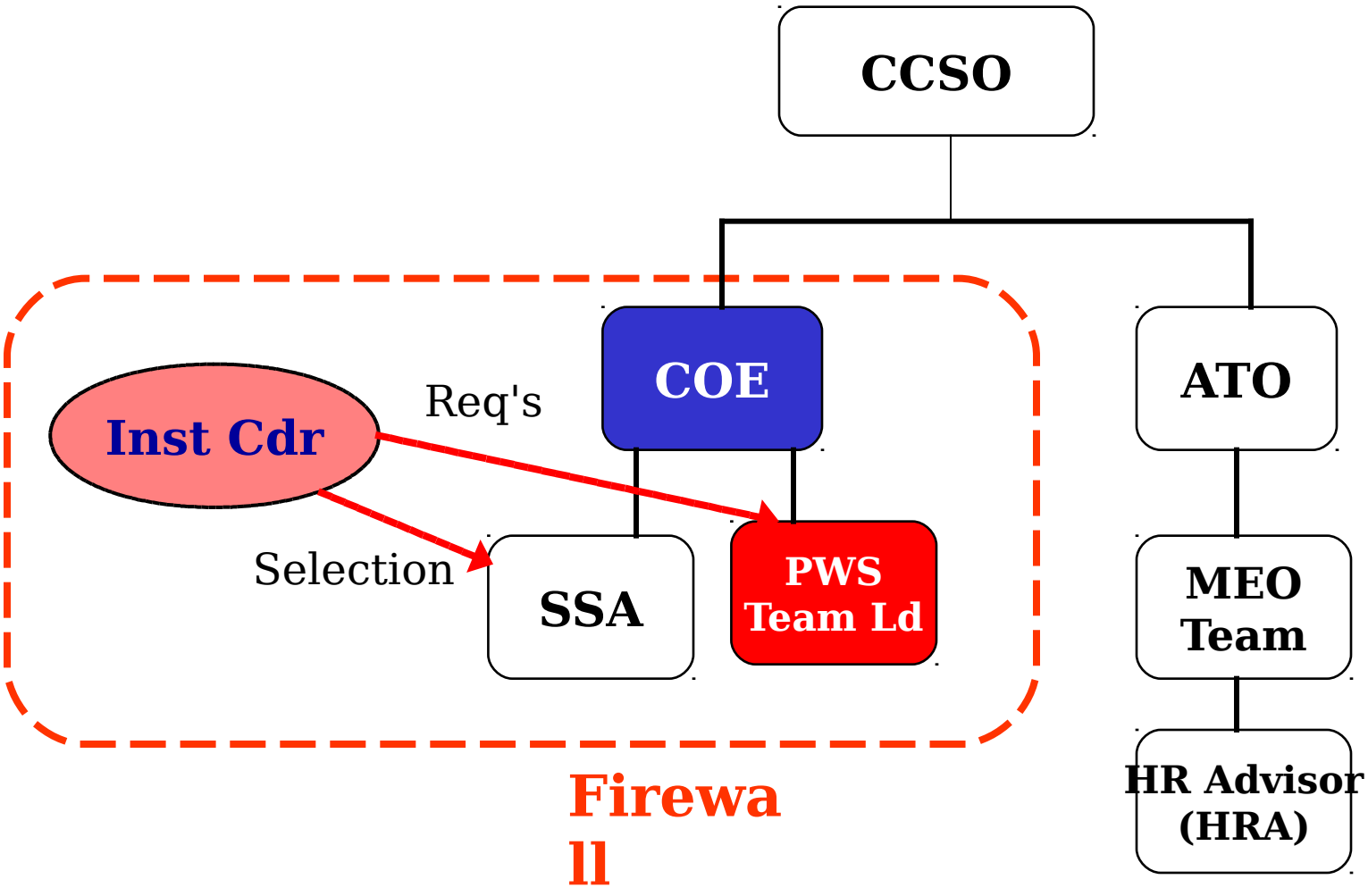
- Realizing benefits of introducing competitive pressures and demonstrating value
  - All support providers, private and public, should be able to demonstrate they are best for the Marine Corps
- Mechanism to sharpen existing workforce
  - Reengineer processes
  - Focus on requirements
  - Technology enhancements
  - Revise PDs, right skills for the right jobs
  - Fill voids and cut any excess
- Post decision performance tracking

A Paradigm Shift

Commander's Perspective

- The old: We are the service provider
  - Do with in-place resources
  - MEO involvement
- The new: Select the best service provider
  - In-house viewed as a contractor
  - PWS involvement
  - Source selection involvement

PWS-ATO Firewall



Commander Responsibilities

- Requirements
  - Ensure requirements are articulated in PWS
  - Provide input to the PWS team
- Source Selection
  - Ensure best provider is selected
  - Guard against unfairly favoring in-house
- Issues
  - PWS developed outside the installation
  - ATO potentially as well
    - Commander provides MEO assets but is not involved with the Agency Tender
  - Maintaining firewalls

Some A-76 Issues

- Requires high level of acquisition skills
  - Which we do not possess
  - Defining requirements
  - Managing external service providers
- Commanders are responsible for the mission but A-76 is outside their control
- The rules often change, e.g. new circular released 2003, still awaiting guidance and laws

Does Competitive Sourcing Work?
In fact, it does.

USMC Results (1999-2004)

- $97.8 million in annual savings
  - 28.7% dollar savings
- Savings increase with size of competition
  - <100 FTEs = 23.8%
  - >100 FTEs = 36.5%
- 1022 military realigned to core combat capabilities
- Met or exceeded performance levels for all MEOs reviewed at the 1 year point
- Documented workload and formalized changes
- High MEO selection rate (92%)

Current Status

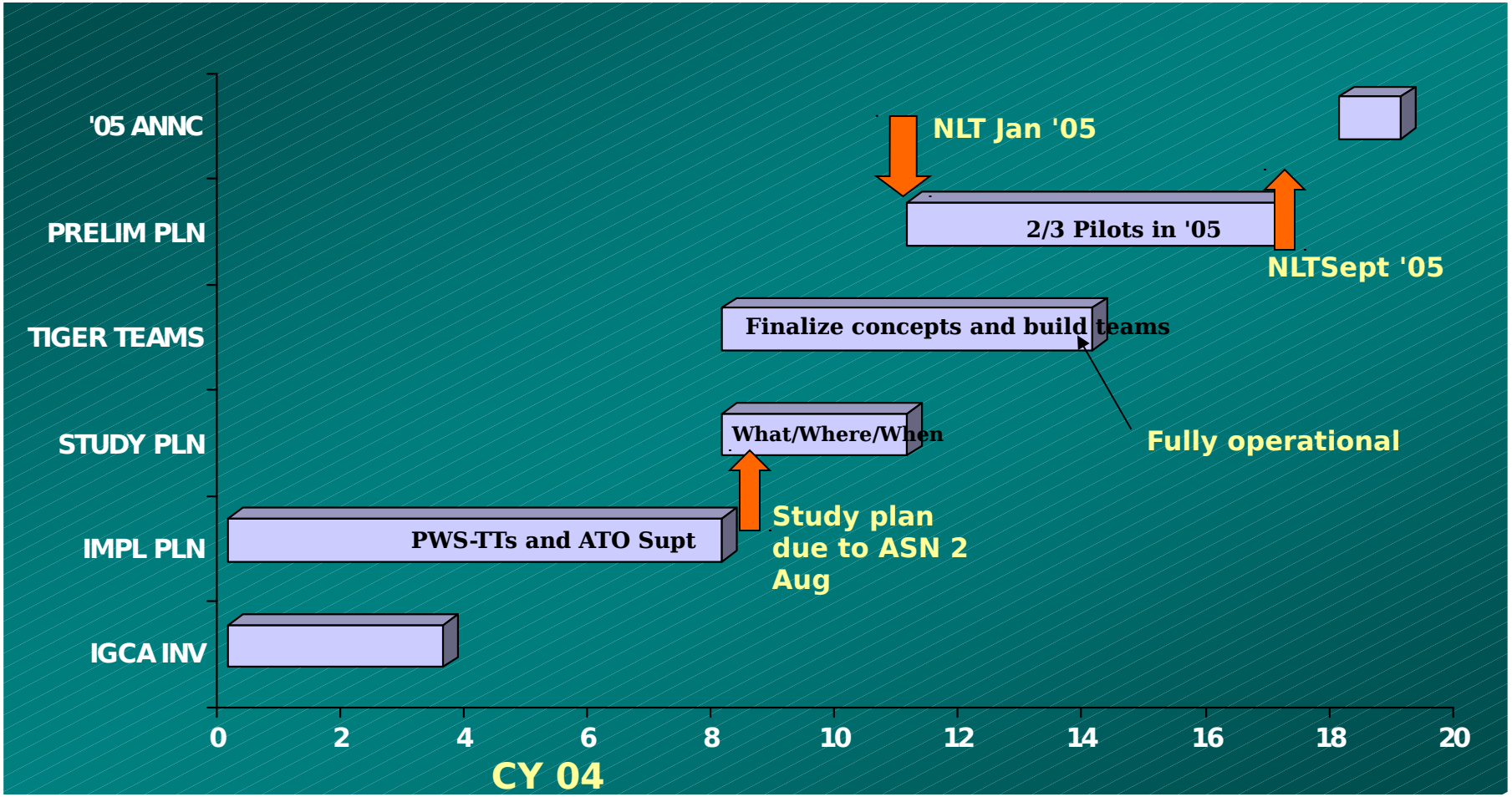
Competitive Sourcing Status

- Administration priority
  - Part of President's Management Agenda (PMA)
  - Compete 50% of FY00 FAIR inventory by FY08
  - USMC goal is to compete 3,000 FTEs by FY09
- PMA scorecard
  - DoD achieved "Green" on 30 Jun 04

Marine Corps Status

- MROC decision
  - Designated core/non-core functions
  - Approved functions for competition
  - Directed:
    - Improvement of service acquisition skills
    - Centralized implementation
    - Phased execution
    - Audit of performance and costs
- Next steps
  - Formulate PWS/ATO policy
  - Finalize detailed competition plan
  - Enhance post award accountability

FY05 Milestones



Backup Slides

A-76 Savings by FTEs